

## **FISCAL NOTE**

### **SB 1718 - HB 1687**

March 19, 2001

**SUMMARY OF BILL:** Provides for the following:

- The BEP component for professional education positions for each local education agency (LEA) shall be increased by 8% annually beginning with the 2001-02 fiscal year through the 2005-06 fiscal year.
- All funds appropriated shall be used for professional personnel salary increases.
- LEA distributions of the funds shall be determined by negotiation, where applicable, with the professional employee organization.
- It shall be a violation of this law for any LEA to use such funds to supplant total local current operating funds. However, LEAs may supplement salaries from its own local funds.
- The Commissioner of Education shall establish and the State Board of Education shall approve annually state minimum salary schedules which shall determine the lowest salaries that can be paid to instructional personnel; however, such state minimum salary schedules shall not be used to determine the BEP instructional personnel salary component.
- Each LEA shall submit annually a report to the commissioner on the LEA's payment or expenditure of the salary funds.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$114,000,000 FY01-02**

**Increase Local Govt. Expenditures\* - Exceeds \$38,000,000 FY01-02**

	Total State Cost Per Year	Total Local Cost Per Year
FY01-02	\$114,739,000	\$ 38,416,000
FY02-03	\$238,663,000	\$ 79,904,000
FY03-04	\$372,501,000	\$124,706,000
FY04-05	\$517,030,000	\$174,103,000
FY05-06	\$673,141,000	\$225,363,000

Estimate assumes:

- there will be no other salary policy or other adjustment to teacher's salaries during the 5-year phase-in period. For each school system, the average training and experience (T&E) on the state salary schedule will be held constant.
- the state-mandated salary generated through the BEP is increased by 8% each year for 5 years.

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- this estimate does not account for an increase/decrease in average daily membership (ADM) growth or any addition of new teachers over the 5-year period.
- local education agencies will determine how the increase will be distributed locally through local negotiation.
- the increase must be spent for salaries.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director